

MINUTES

ARKANSAS LOTTERY COMMISSION

Tuesday, May 5, 2009

1:00 p.m.

**University of Arkansas System's Board Room
Little Rock, AR**

The Arkansas Lottery Commission met at 1:00 p.m., May 5, 2009, at the University of Arkansas System's Board Room in Little Rock, Arkansas. Arkansas Lottery Commissioners present were: George Hammons, Susan Ward-Jones, Dianne Lamberth, Mike Malone, Ben Pickard, Patty Shipp, Derrick Smith, Ray Thornton, and Joe White. Governor Mike Beebe and Lieutenant Governor Bill Halter also attended. Legislators present were: Senate President Pro Tempore Bob Johnson, Barry Hyde, and Rep. Robbie Wills (Speaker of the House). Bureau of Legislative Research staff present were: David Ferguson (Director), Laura Gilson (Attorney), Kendra Drone, Vicki Freeburn, and Patrick Ralston.

Governor Mike Beebe greeted and addressed the Arkansas Lottery Commission. He thanked the President Pro Tempore, Speaker of the House, Governor's Staff, and the Commissioners for their dedication and commitment to serve.

Commissioner Mike Malone recommended moving forward with a motion to select a Chairman for the Commission. Commissioner Dianne Lamberth made a motion for the Commission to nominate an Interim Chairman. Commissioner Mike Malone nominated Commissioner Ray Thornton as Chairman, the motion was seconded by Commissioner George Hammons and approved by the Commission.

Commissioner Joe White recognized Lieutenant Governor Bill Halter and any other legislative leaders that wanted to address the commission. Lieutenant Governor Bill Halter offered his assistance to the Commission and noted that they fought hard to have the Commission be governed by an independent commission. He recommended that the Commission move with a sense of urgency and speed. Rep. Robbie Wills, Speaker of the House, was recognized. He welcomed the Commissioners and gave them words of encouragement.

Commissioner Thornton stated that the Commission was autonomous and had an enormous task ahead that was subject to legislative oversight. Commissioner Thornton added that the Commission had responsibilities to the Legislative Oversight Committee, as well as members of the public and students, and noted that the Commission had a responsibility as a Board in conducting themselves under the highest ethical standards. He recommended that the Commission consider adopting, at some point, a board policy or rules regulating the actions of the Board. He also stated that he wanted the Board to be open, full of integrity and transparency, and noted that the public should have absolute confidence that the Board would not be meeting in private or trying to do anything without setting it on the table for everyone to observe. He added that the Commission had the responsibility and was limited under the legislation to two (2) hires which are: 1) A Director and 2) an Internal Auditor. He also recommended that job requests be forwarded to Mr. David Ferguson, Director, Bureau of Legislative Research. He also discouraged ex parte communications to any one Commissioner.

Commissioner Thornton also discussed some of the Board's responsibilities. Then, he commended the legislative leadership and the Governor for putting together one of the best lottery statutes in the nation.

Commissioner Thornton stated that Commission needed to be responsive to the public's interest and the legislative oversight and added that everything that the Commission does must be reported to the Legislative Oversight Committee (LOC); however, he didn't suggest that the LOC advise the Commission on what they should do. He then discussed some requests for proposals that included: advertising, counseling services, legal services, financial services, and auditing services. Next, he stated that the Freedom of Information (FOI) requirements were very important and recognized the Attorney General's Office to address the issue.

Mr. Warren Readnour, Senior Assistant Attorney General, Attorney General's Office (AG), was introduced. He addressed the Commission and stated that the AG's office had mailed out an FOI handbook to each Commissioner. He also made FOI handbooks available to Commissioners that had not received one. Mr. Readnour stated the Attorney General Office's was the leading counsel for Arkansas and all of the state agencies, this included the Commission, and noted that the AG's Office was there to provide legal counsel and advice to the Commission. Then, he stated that the Commission had a significant amount of funds to hire or enter into a professional service contract with outside counsel. He also noted that state agencies were subject to the FOI requirements and discussed some of the exceptions that would allow confidential information to be exempt. He added that all of the Commission meetings were public meetings and noted that whenever two or more members of a Commission or Board were together and were discussing past or pending business, such discussion constitutes a meeting of the Commission and would need to provide public notice before it was done.

Mr. Readnour discussed some exceptions in the FOI for executive sessions for purposes of hiring employees. He added that all of the Commission writings, including e-mails, were presumed to be public records and suggested that David Ferguson be the custodian of those records. He also discussed the Commission's responsibility for paying other state agencies for services that they provide. He added that the Commission's first step was to hire the Director and Internal Auditor. Mr. Readnour also pointed out that the Commission was subject to the Administrative Procedures Act with regards to rule making. He stated that the Bureau of Legislative Research would provide staff assistance for the Commission until September 1, 2009.

Commissioner Thornton reminded the Commissioners of their oaths and paper filing requirements.

Mr. Readnour also suggested that at the next meeting, the Commission invite a representative from the Department of Finance and Administration to discuss the process of hiring a Director, Internal Auditor, and a Disbursement Officer, and to discuss the procurement process and noted that there would be a procurement of services that would have to follow the Request for Proposals (RFP) process. It was recommended that the Commission nominate an Interim Vice-Chair. Then, Commission Ben Pickard made a motion to nominate Commissioner Dianne Lamberth as Vice-Chair. The motion was seconded by Commissioner Joe White and approved by the Commission. Commissioner Thornton recommended delaying the nomination for a secretary until the next meeting. Then, he recognized the Commissioners for remarks and suggestions for the next meeting date. Commissioner Lamberth suggested that the Commission have an intense full first day meeting to get to know each other and develop a priority list to invite individuals to the meetings to discuss the priorities. Commissioner Thornton suggested that the Commission invite Mr. Ernie Passailaigue, the Emeritus Head of the North American Association of State and Provincial Lotteries to the Commission meeting and noted that the Association wanted to see Arkansas's lottery do well. Commissioner Derrick Smith suggested that the Commission have intensive planning, contact states or other organizations that have lotteries, and discuss what the Commission will need to do. He also suggested that the Commission develop a timeline. Commissioner White concurred with Commissioner Smith's suggestions and recommended that the Commission meet soon.

The Commission agreed to meet next Tuesday, May 12, 2009 at 1:00 p.m., at the same location, University of Arkansas System's Board Room in Little Rock, Arkansas. Mr. Readnour also informed the Commission that any Board or Commission could meet via-conference call providing that notice has been given to the public and if a phone and place be made available for the public and media.

Commissioner Thornton encouraged the Commissioners to come prepared to the next meeting with a list of agenda items. Commissioner Lamberth recommended that the Commission develop committees and a committee structure. Then, she made a motion for someone to contact a representative with the South Carolina Lottery to attend the Commission's meeting. The motion was seconded and approved by the Commission. Commissioner Smith accepted the responsibility of contacting a representative within the South Carolina Lottery. Then, Commissioner Pickard made a motion to invite a member of the Department of Finance and Administration to the Commission's next meeting. The motion was seconded and approved by the Commission. Next, Commissioner Thornton suggested that Commissioners consider attending the North American Association of State and Provincial Lotteries Director's meeting in June in Nashville.

Commissioner White made a motion for the Commission to draw from other state lotteries expertise (South Carolina, North Carolina, Georgia and Tennessee) The motion was seconded and approved by the Commission. Commissioner Thornton discussed the Directors duties and responsibilities and noted that the Commission would need several committees. He added that the Commission was not a political organization and noted that they would do what was best and proper for the State. He also stated the importance of the Commission obtaining insurance coverage. Commissioner Smith agreed to explore options for obtaining information on Officer's and Director's insurance coverage as well as explore the possibility of hiring outside counsel and then submit a report to the Commission. Commissioner Smith also suggested that the public be recognized for suggestions and input.

The Commission agreed that the public be acknowledged for suggestions and input. Mr. Kevin McCarty was recognized and stated that he had twenty-one years of experience in the lottery business and offered to volunteer his time to assist the commission.

Mr. David Ferguson suggested that a motion be made asking the Bureau of Legislative Research to continue their staff support to the Commission. Then, Commissioner Patty Shipp made a motion for the Bureau of Legislative Research to support the Commission in any way that is needed. The motion was seconded and approved by the Commission. Next, Commissioner Shipp suggested that the Commission think about a committee, if not, then a liaison. Commissioner Lamberth stated that her committee suggestions included: personnel, vendor selection, retailers, and finance and requested other suggestions from Commissioners.

Commissioner Thornton requested that the Commissioners list their preferences for committee appointments and e-mail a copy to Mr. David Ferguson. Then, Commissioner White suggested that the Commission consider hiring an Interim Coordinator to help with the nuts and bolts to move the process forward. Lastly, Commissioner Thornton noted that the suggestion might be appropriate for discussion at a future meeting.

There being no further business, the meeting adjourned at 2:15 p.m.